

Message Text

UNCLASSIFIED

PAGE 01 LAGOS 03708 221940Z

72

ACTION OPIC-06

INFO OCT-01 AF-06 ISO-00 EB-07 ABF-01 OMB-01 TRSE-00

COME-00 CIAE-00 INR-07 NSAE-00 NEA-09 /038 W

----- 124257

R 221523Z APR 75

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 8926

UNCLAS LAGOS 03708

E.;9. 11652 : NA

TAGS : EINV, NI

SUBJ : DELAYS IN CURRENCY CONVERSION

REF : STATE 067044

1. BECAUSE OF SERIOUS FOREIGN EXCHANGE DEFICIENCIES DURING AND IMMEDIATELY AFTER CIVIL WAR NIGERIA EFFECTED VARIOUS SCHMES TO DELAY OR RESTRICT TRANSFER OF FUNDS.; WITH IMPROVE-MENT IN FOREIGN EXCHANGE POSITION BROUGHT ABOUT BY INCREASED OIL EARNINGS THESE RESTRICTIONS GRADUALLY HAVE BEEN RELAXED AND AS OF APRIL 1, 1975, STATED NIGERIAN POLICY IS THAT ALL PAYMENTS ABROAD ARE ON A CURRENT BASIS. IN SPITE OF THIS POLICY, AND GRANTING THAT MOST REQUESTS FOR TRANSFERS DO GO THROUGH ROUTINELY AND COMPARATIVELY QUICKLY, WE HASTEN TO POINT OUT THAT DELAYS DUE TO MALADMINSTRATION ARE NOT INFREQUENT. FOR THIS REASON WE BELIEVE WAITING PERIOD FOR ACIVE BLOCKAGE SHOULD BE 90 DAYS AND FOR PASSIVE BLOCKAGE 120 DAYS.

2. THERE IS NORMALLY DETAILED NEGOTIATION BETWEEN MINISTRY OF FINANCE AND FOREIGN INVESTOR BEFORE ANY LOAN, ROYALTY OR LEASE AGREEMENT IS FINALIZED. DURING THESE NEGOTIATIONS RATES AND TERMS ARE AGREED UPON, AND IF THERE IS NO LATER DEVIATION FROM THESE AGREED TERMS THERPULD BE NO PROBLEM IN REMITTANCE OVERSEAS OF FUNDS. FOR EXAMPLE ALL LOANS HAVE A FIXED REPAYMENT SCHEDULE COVERING PRINCIPAL AND INTEREST. APPROVAL WILL NORMALLY BE GRANTED ROUTINELY AND UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LAGOS 03708 221940Z

ON A TIMELY BASIS FOR TRANSFERS IN ACCORDANCE WITH THIS

SCHEDULE. SHOULD BORROWER WISH TO SPEED UP REPAYMENT
SCHEDULE, HOWEVER, OR TO PREPAY LOAN HE COULD LIKELY
ENCOUNTER DIFFICULTIES WHICH COULD TAKE LONG TO RESOLVE.

3. REPATRIATION OF DIVIDENDS IS ON AN AD HOC BASIS BUT IF
REQUIRED DOCUMENTATION IS IN ORDER TRANSFER SHOULD BE SMOOTH.
BASIX REQUIREMENT FOR REPATRN OF DIVIDENDS IS THAT
PAST TAXES BE PAID. OBTAINING "APPROVED STATUS" IS NOT A
LEGAL REQUIREMENT BUT IS MOST HELPFUL IN FACILITATING
DIVIDEND REMITTANCE AND VIRTUALLY ALL EXPATRIATE COMPANIES
ENTERING NIGERIA NOW SEEK TO OBTAIN IT. ON "APPROVED STATUS"
FMG EXCHANGE CONTROL MANUAL SAYS FOLLOWING:

"THE FEDERAL MINISTRY OF FINANCE IS PREPARED TO CONSIDER
APPLICATIONS FROM RESIDENTS OUTSIDE NIGERIA WISHING TO
INVEST CAPITAL DIRECTLY IN NIGERIA FOR THE RANT OF
"APPROVED STATUS" FOR THE INVESTMENT. THE GRANT OF "APPROVED"
STATUS" MEANS THAT SYMPATHETIC CONSIDERATION WILL BE GIVEN
TO THE REPATRIATION OF CAPITAL THAT MAY BE DIRECTLY INVESTED
IN NIGERIA TO THE EXTENT OF ANY DISTRIBUTIONS OF A CAPITAL
NATURE ARISING IN RESPECT OF REALISATION THEREOF. ALTHOUGH
NO UNCONDITIONAL GUARANTEE IS GIVEN, APPROVAL WOULD ONLY
BE WITHHELD IN EXCEPTIONA CIRCUMSTANCES. IN THIS RESPECT,
NIGERIA VALUES ITS PAST RECORD OF FAIR TREATMENT OF APPLI-
CATIONS FOR REPATRIATION AND WOULD NOT LIGHTLY DAMAGE THE
REPUTATION IT HAS EARNED IN THIS FIELD."

WITH REGARD TO TAXES COMMISSIONER SHAGARI RECENTLY CLEARED
UP A MISUNDERSTANDING WHEN HE ADVISED THAT IT WAS NOT
NECESSARY TO PAY TAX IN ADVANCE, MERELY TO BE ABLE TO SHOW
THAT THE APPLICANT IS UP TO DATE IN PAYMENT OF TAXES FOR
YEARS PRIOR AND THAT THE REMITTAVVNCWHICH IS BEING APPROVED
HAS BEEN NOTED FOR ASSESSMENT IN THE APPROPRIATE TAX YEAR.

4. ACTION RECOMMENDED: WE AR ENCOURAGED AT STE FMG HAS
TAKEN TO PUT FOREIGN PAYMENTS ON A CURRENT BASIS AND HAVE NO
DOIOOT THAT REAL PROGRESS HA BEEN MADE. MOROVER WE HAVE
HA
NO COMPLAINTS FROM U.S.; BUSINESSMN WHOSE DOCIMNTATION
HAS BEEN IN ORDER OF LONG DELAYS OR INABILITY TO TRANSFER
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LAGOS 03708 221940Z

NUNDS. HOWEVER POTENTIAL FOR DELAY FOR A VARIETY OF
ADMINSTRATIVE OR BURE
UCRATIC REASONS IS STILL GREAT
ENOUGH THAT WE BELIEVE OPIC SHOULD SEEK 50/120 DAY WAITING
PERIOD EFORE ALLOWICONVERTIBILITY CLAIM .
CROSBY

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN EXCHANGE RATES, CONVERTIBLE FOREIGN EXCHANGE
Control Number: n/a
Copy: SINGLE
Draft Date: 22 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LAGOS03708
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750141-0721
From: LAGOS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750429/aaaabayk.tel
Line Count: 113
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OPIC
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 STATE 067044
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 06 OCT 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 OCT 2003 by SilvaL0>; APPROVED <02 JAN 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: : DELAYS IN CURRENCY CONVERSION
TAGS: EINV, NI, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006